

**OPEN MEETING
M E M O R A N D U M**



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AZ CORP COMMISSION
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

ORIGINAL

DATE: March 21, 2014

RE: IN THE MATTER OF THE APPLICATION OF GILA LOCAL EXCHANGE CARRIER, INC. D/B/A ALLUVION COMMUNICATIONS FOR RESCISSION OF BOND REQUIREMENT CONTAINED IN ARIZONA CORPORATION COMMISSION DECISION NO. 70039. (DOCKET NO. T-20515A-14-0004)

Introduction

On January 9, 2014, Gila Local Exchange Carrier, Inc. dba Alluvion Communications ("Gila" or "Applicant") submitted an Application requesting an order rescinding the \$235,000 performance bond or irrevocable sight draft letter of credit ("ISDLOC") requirement contained in Decision No. 70039 (December 4, 2007). In its Application, Gila states it provides telecommunications services to business customers located outside the Gila River Indian Community and does not serve residential customers in Arizona. Gila's Arizona Corporation Commission ("ACC") Tariff No. 1, Original Sheets 22-23, indicate it may collect advance payments and deposits from its customers but as a general practice, Gila does not require advance payments or deposits from its customers¹ and is not holding any customer deposits.²

Background

On December 4, 2007, in Decision No. 70039, the Commission granted Gila a Certificate of Convenience and Necessity to provide resold and facilities-based long distance and resold and facilities-based local exchange telecommunications services within the State of Arizona, provided Gila complies with conditions outlined in the Decision.

Gila's Application

In its Application to eliminate the performance bond or ISDLOC requirement, Gila cites Arizona Administrative Code ("A.A.C.") R14-2-1105(d), which states that "[i]n appropriate circumstances, the Commission may require, as a precondition to certification, the procurement of a performance bond sufficient to cover any advances or deposits the telecommunications company may collect from its customers, or order that such advances or deposits be held in escrow or trust." Gila states it provides telecommunications services to business customers located outside the Gila River Indian Community and does not serve residential customers in Arizona.

¹ Response to Staff's First Set of Data Requests, STF 1.1(a)-(d).

² Application, Page 2.

Arizona Corporation Commission

DOCKETED

MAR 21 2014

DOCKETED BY 

Gila has maintained a letter of credit for \$235,000 on file with the Commission since the issuance of Decision No. 70039 and the current letter of credit is scheduled to be renewed in the second quarter of 2014. Gila is required to give approximately 45 days advance notice to its bank to stop the auto-renewal of its letter of credit.³ Gila would like to give notice to the bank, ceasing the auto-renewal as soon as possible, but no later than May 15, 2014.

Complaints and Compliance

The Consumer Services Section of the Utilities Division reports that there have been zero (0) complaints, inquiries, or opinions about Gila Local Exchange Carrier, Inc. According to the Corporation Division, Gila is in good standing. The Compliance Section reports that Gila is in compliance.

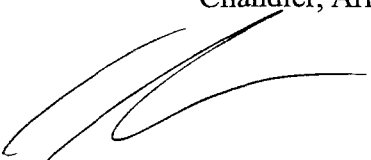
Staff Recommendations

The Commission has, in appropriate circumstances, relieved telecommunications providers of the obligation to maintain a performance bond or ISDLOC. Staff recommends that Gila Local Exchange Carrier, Inc. be allowed to cancel its \$235,000 ISDLOC.

Staff further recommends that Gila no longer be required to maintain a performance bond or ISDLOC as a requirement for providing resold and facilities-based long distance and resold and facilities-based local exchange telecommunications services within the State of Arizona.

The Applicant has communicated to Staff that, upon termination of the letter of credit, the letter of credit should be returned to the following name and address:

Mr. Bruce Holdridge
Gila Local Exchange Carrier, Inc. dba Alluvion Communications
7065 W. Allison Road
Chandler, Arizona 85226



Steven M. Olea
Director
Utilities Division

SMO:LLM:sms\CHH

ORIGINATOR: Lori L. Morrison

³ Response to Staff's First Set of Data Requests, STF 1.2.

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 BOB STUMP

Chairman

3 GARY PIERCE

Commissioner

4 BRENDA BURNS

Commissioner

5 BOB BURNS

Commissioner

6 SUSAN BITTER SMITH

Commissioner

7
8 IN THE MATTER OF THE APPLICATION)
9 OF GILA LOCAL EXCHANGE CARRIER,)
10 INC. D/B/A ALLUVION)
11 COMMUNICATIONS FOR RESCISSION)
12 OF BOND REQUIREMENT CONTAINED)
13 IN ARIZONA CORPORATION)
14 COMMISSION DECISION NO. 70039.)

DOCKET NO. T-20515A-14-0004

DECISION NO. _____

ORDER

14 Open Meeting
15 April 8 and 9, 2014
16 Phoenix, Arizona

16 BY THE COMMISSION:

17 FINDINGS OF FACT

18 1. On January 9, 2014, Gila Local Exchange Carrier, Inc. dba Alluvion Communications
19 ("Gila" or "Applicant") submitted an Application requesting an order rescinding the \$235,000
20 performance bond or irrevocable sight draft letter of credit ("ISDLOC") requirement contained in
21 Decision No. 70039 (December 4, 2007).

22 2. Gila's Arizona Corporation Commission ("ACC" or "the Commission") Tariff No. 1,
23 Original Sheets 22-23, indicate it may collect advance payments and deposits from its customers
24 but as a general practice, Gila does not require advance payments or deposits from its customers¹
25 and is not holding any customer deposits.²

26 ...

27 _____
28 ¹ Response to Staff's First Set of Data Requests, STF 1.1(a)-(d).

² Application, Page 2.

1 **Background**

2 3. On December 4, 2007, in Decision No. 70039, the Commission granted Gila a
3 Certificate of Convenience and Necessity to provide resold and facilities-based long distance and
4 resold and facilities-based local exchange telecommunications services within the State of
5 Arizona, provided Gila complies with conditions outlined in the Decision.

6 **Gila's Application**

7 4. In its Application to eliminate the performance bond or ISDLOC requirement, Gila
8 cites Arizona Administrative Code ("A.A.C.") R14-2-1105(d), which states that "[i]n appropriate
9 circumstances, the Commission may require, as a precondition to certification, the procurement of
10 a performance bond sufficient to cover any advances or deposits the telecommunications company
11 may collect from its customers, or order that such advances or deposits be held in escrow or trust."
12 Gila states it provides telecommunications services to business customers located outside the Gila
13 River Indian Community and does not serve residential customers in Arizona.

14 5. Gila has maintained a letter of credit for \$235,000 on file with the Commission since
15 the issuance of Decision No. 70039 and the current letter of credit is scheduled to be renewed in
16 the second quarter of 2014. Gila is required to give approximately 45 days advance notice to its
17 bank to stop the auto-renewal of its letter of credit.³ Gila would like to give notice to the bank,
18 ceasing the auto-renewal as soon as possible, but no later than May 15, 2014.

19 **Complaints and Compliance**

20 6. The Consumer Services Section of the Utilities Division reports that there have been
21 zero (0) complaints, inquiries, or opinions about Gila Local Exchange Carrier, Inc. According to
22 the Corporation Division, Gila is in good standing. The Compliance Section reports that Gila is in
23 compliance.

24 **Staff Recommendations**

25 7. The Commission has, in appropriate circumstances, relieved telecommunications
26 providers of the obligation to maintain a performance bond or ISDLOC.

27

28

³ Response to Staff's First Set of Data Requests, STF 1.2.

8. Staff recommends that Gila Local Exchange Carrier, Inc. be allowed to cancel its \$235,000 ISDLOC.

9. Staff further recommends that Gila no longer be required to maintain a performance bond or ISDLOC as a requirement for providing resold and facilities-based long distance and resold and facilities-based local exchange telecommunications services within the State of Arizona.

10. The Applicant has communicated to Staff that upon termination of the letter of credit, the letter of credit should be returned to the following name and address:

Mr. Bruce Holdridge
Gila Local Exchange Carrier, Inc. dba Alluvion Communications
7065 W. Allison Road
Chandler, Arizona 85226

CONCLUSIONS OF LAW

1. Gila Local Exchange Carrier, Inc. dba Alluvion Communications is a public service corporation within the meaning of Article XV of the Arizona Constitution.

2. The Commission has jurisdiction over Gila Local Exchange Carrier, Inc. dba Alluvion Communications and the subject matter in this filing.

3. The Commission, having reviewed the filing and Staff's Memorandum dated March 21, 2014, concludes that it is in the public interest to approve the Gila Local Exchange Carrier, Inc. dba Alluvion Communications Application as proposed and discussed herein.

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ORDER

IT IS THEREFORE ORDERED that the Application of Gila Local Exchange Carrier, Inc. dba Alluvion Communications to rescind the \$235,000 performance bond or irrevocable sight draft letter of credit requirement contained in Decision No. 70039, be and hereby is approved.

IT IS FURTHER ORDERED that the Gila Local Exchange Carrier, Inc. dba Alluvion Communications letter of credit be returned to the following name and address provided by the Applicant:

Mr. Bruce Holdridge
Gila Local Exchange Carrier, Inc. dba Alluvion Communications
7065 W. Allison Road
Chandler, Arizona 85226

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2014.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:LLM:sms\CHH

Decision No. _____

1 SERVICE LIST FOR: Gila Local Exchange Carrier, Inc. dba Alluvion Communications
2 DOCKET NO. T-20515A-14-0004

3 Ms. Joan S. Burke, P.C.
4 Law Office of Joan S. Burke, P.C.
5 1650 North First Avenue
6 Phoenix, Arizona 85003

7 Mr. Steven M. Olea
8 Director, Utilities Division
9 Arizona Corporation Commission
10 1200 West Washington Street
11 Phoenix, Arizona 85007

12 Ms. Janice M. Alward
13 Chief Counsel, Legal Division
14 Arizona Corporation Commission
15 1200 West Washington Street
16 Phoenix, Arizona 85007
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